

CEDARVILLE TOWNSHIP

Financial Report

**For the Year Ended
March 31, 2008**

Auditing Procedures Report V1.04

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended .

Unit Name Cedarville Township	County MENOMINEE	Type TOWNSHIP	MuniCode
Opinion Date-Use Calendar Jul 3, 2008	Audit Submitted-Use Calendar Jul 31, 2008	Fiscal Year-Use Drop List	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> 18. Are there reported deficiencies? <input type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 70,578.00
General Fund Expenditure:	\$ 63,621.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 83,585.00
Governmental Activities Long-Term Debt (see instructions):	\$ 47,266.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name) Carl	Last Name Sorensen	Ten Digit License Number 1101012650		
CPA Street Address PO Box 225	City Marinette	State WI	Zip Code 54143	Telephone +1 (715) 735-9021
CPA Firm Name Carl R Sorensen CPA	Unit's Street Address PO Box 225	City Marinette		LU Zip 54143

Cedarville Township

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Carl R. Sorensen

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Town Board
Cedarville Township
Menominee County, Michigan

I have audited the accompanying general purpose financial statements of the Governmental Activities, each Major Fund and the Aggregate Remaining Fund information of Cedarville Township, Menominee County, Michigan, for the year ended March 31, 2008, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, each Major Fund and the Aggregate remaining fund information of Cedarville Township, Menominee County, Michigan, as of March 31, 2008, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

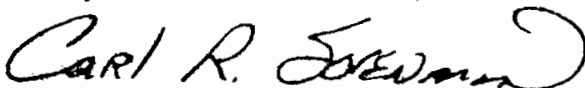
In accordance with *Governmental Auditing Standards*, I have also issued a report dated July 3, 2008, on my consideration of the township of Cedarville's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Required Supplemental Information

The Management's discussion and analysis and budgetary comparison information on pages 2 through 4 and pages 17, 18 and 19 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

Other Supplemental Information

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as supplemental information is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Cedarville Township and in my opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.



July 3, 2008

Cedarville Township

Management's Discussion and Analysis for the Year Ended March 31, 2008

This section of Cedarville Township's annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2008. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB-34) *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments* and is intended to provide the financial results for the fiscal year ending March 31, 2008.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Cedarville Township financially as a whole. The *Government-Wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Township's operations in more detail than the Township wide financial statements by providing information about the Township's most significant funds - the General Fund and Fire Fund and the Non-Major Fund called Metro Funds. The remaining statement, the statement of fiduciary net assets presents financial information about activities for which the Township acts solely as an agent.

Fund Financial Statements

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principle and interest on long term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

Government-Wide Financial Statements

The Government-Wide financial statements are full accrual basis statements. They report all of the Township's assets and liabilities, both short and long term, regardless if they are "currently available" or not. Capital assets and long term obligations of the Township are reported in the Statement of Net Assets of the Government-Wide financial statements.

The Township as Trustee - Reporting the Township's Fiduciary Responsibilities

The Township is the trustee or fiduciary for its tax collection fund. The Township is also a Trustee for a Marina Account in which funds are received from the State of Michigan for payments on the construction of a State owned Marina located in Cedarville Township. The Marina was completed and the fund closed out during the year. All of the Township's fiduciary activities are reported in separate statements of fiduciary net assets. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Cedarville Township

Management's Discussion and Analysis for the Year Ended March 31, 2008

Summary of Net Assets

The following summarizes the net assets at fiscal year ended March 31, 2008.

	<u>Governmental Activities</u>
Assets	
Current assets	\$ 128,572
Capital assets - net of accumulated depreciation	<u>152,198</u>
Total Assets	<u>\$ 280,770</u>
Liabilities	
Note payable	\$ <u>47,266</u>
Total Liabilities	<u>47,266</u>
Net Assets	
Net Assets Invested in capital assets, net of related debt	104,932
Unrestricted	<u>128,572</u>
Total Net Assets	<u>233,504</u>
Total Liabilities and Net Assets	<u>\$ 280,770</u>

Analysis of Financial Position

During fiscal year ended March 31, 2008, the Township's net assets increased by \$28,974. The most significant transaction was the purchase of a new Fire Department tanker. The purchase price for this tanker was \$142,580. The Town received a grant of \$27,000 and a loan for \$56,000 for this purchase.

The loan is being paid off by a voted tax levy.

Cedarville Township

Management's Discussion and Analysis for the Year Ended March 31, 2008

Results of Operations

For the fiscal year ended March 31, 2008, the Township results of operations is as follows:

	<u>March 31, 2008</u>
Revenue	
Property taxes for general operations	\$ 25,236
Property taxes for fire services	9,375
State of Michigan aid	21,176
Federal grant	27,000
Charges for services	5,905
Other general revenues	<u>25,750</u>
Total Revenue	<u>114,442</u>
Expenses	
General Government	62,192
Public safety	21,847
Public works	273
Cemetery operations	<u>1,156</u>
Total Expenses	<u>85,468</u>
Increase in Net Assets	28,974
Beginning Net Assets	<u>204,530</u>
Ending Net Assets	<u>\$ 233,504</u>

Original vs. Final Budget

Original General Fund, Fire Fund and Metro Fund Budgets were approved on March 14, 2007. No amendments were made to the Budgets.

Net Investments In Capital Assets

The Township's investment in capital assets increased \$137,863. This can be summarized as follows:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>March 31, 2008</u>
Land	\$ 5,000	\$ —	\$ —	\$ 5,000
Buildings	50,000	—	—	50,000
Equipment	<u>42,095</u>	<u>148,077</u>	<u>4,000</u>	<u>186,172</u>
	97,095	148,077	4,000	241,172
Less: Accumulated Depr.	<u>82,760</u>	<u>10,214</u>	<u>4,000</u>	<u>88,974</u>
Net Assets	<u>\$ 14,335</u>	<u>\$ 137,863</u>	<u>\$ —</u>	<u>\$ 152,198</u>

Note Payable

The Township borrowed \$56,000 from Rural Development to purchase a new Fire Department tanker this current year.

The note was issued April 23, 2007 and final payment April 1, 2022. It carries a 4.125% interest rate.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or need additional information, contact the Town Hall.

Cedarville Township

Statement of Net Assets for the Year Ended March 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 122,846
Due from other Governmental units	2,951
Due from fiduciary funds	<u>2,775</u>
Total Current Assets	<u>128,572</u>
Non-Current Assets	
Capital assets	241,172
Less accumulated depreciation	<u>88,974</u>
Total Non-Current Assets	<u>152,198</u>
Total Assets	<u>\$ 280,770</u>
LIABILITIES	
Note payable	\$ <u>47,266</u>
Total Current Liabilities	<u>47,266</u>
Net Assets	
Net assets invested in capital assets, net of related debt	104,932
Unrestricted	<u>128,572</u>
Total Net Assets	<u>233,504</u>
Total Liabilities and Net Assets	<u>\$ 280,770</u>

Cedarville Township

Statement Activities for the Year Ended March 31, 2008

		<u>Program Revenue</u>		<u>Governmental Activities</u>
	<u>Expense</u>	<u>Charges for Service</u>	<u>Operating Grants</u>	<u>Net (expense) Revenue and Change in Net Assets</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$(62,192)	\$ 5,105	\$ 20,491	\$(36,596)
Public safety	(21,847)	—	31,781	9,934
Public works	(273)	—	2,185	1,912
Cemetery operations	(1,156)	800	—	(356)
Total Governmental Activities	<u>\$(85,468)</u>	<u>\$ 5,905</u>	<u>\$ 54,457</u>	<u>(25,106)</u>

GENERAL REVENUES

Taxes

Property taxes for general operations	25,236
Property taxes for fire service	9,375
Interest and investment earnings	3,553
Other revenue	<u>15,916</u>
Total General Revenue	<u>54,080</u>

Changes in Net Assets

Net Assets:

Beginning of Year	<u>204,530</u>
End of Year	<u>\$ 233,504</u>

Cedarville Township
Balance Sheet
Governmental Funds
for the Year Ended March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Metro Funds</u>	<u>Total</u>
ASSETS				
Cash and cash investments	\$ 78,509	\$ 30,260	\$ 14,077	\$ 122,846
Due from other Governmental units	2,301	650	—	2,951
Due from other funds	<u>2,775</u>	<u>—</u>	<u>—</u>	<u>2,775</u>
Total Assets	<u>\$ 83,585</u>	<u>\$ 30,910</u>	<u>\$ 14,077</u>	<u>\$ 128,572</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ —	\$ —	\$ —	\$ —
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
 FUND BALANCES				
Undesignated	<u>83,585</u>	<u>30,910</u>	<u>14,077</u>	<u>128,572</u>
Total Fund Balance	<u>83,585</u>	<u>30,910</u>	<u>14,077</u>	<u>128,572</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 83,585</u>	<u>\$ 30,910</u>	<u>\$ 14,077</u>	<u>\$ 128,572</u>

Cedarville Township
Governmental Funds
Reconciliation of Balance Sheet of Governmental Funds to Net Assets
for the Year Ended March 31, 2008

Total Fund Balances - Governmental Funds	\$ 128,572
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*Amounts reported for Governmental Activities in the statement
of net assets are different because:*

Capital assets used in Governmental assets	241,172
Accumulated depreciation	(88,974)

Note payable not included as a liability in the Governmental funds	<u>(47,266)</u>
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Net Assets of Governmental Activities	<u>\$ 233,504</u>
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Cedarville Township
Combined Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund
for the Year Ended March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Metro Funds</u>	<u>Total</u>
REVENUE				
Taxes	\$ 25,236	\$ 9,375	\$ —	\$ 34,611
State grants	18,991	—	2,185	21,176
Federal grants	—	27,000	—	27,000
Charges for services	5,905	—	—	5,905
Interest and rents	2,792	761	—	3,553
Other revenue	<u>17,654</u>	<u>4,543</u>	<u>—</u>	<u>22,197</u>
Total Revenues	70,578	41,679	2,185	114,442
EXPENDITURES				
General Government	62,192	—	—	62,192
Public safety	—	9,459	—	9,459
Public works	273	—	—	273
Cemetery operations	1,156	—	—	1,156
Capital outlay	<u>—</u>	<u>148,077</u>	<u>—</u>	<u>148,077</u>
Total Expenditures	63,621	157,536	—	221,157
Excess of Revenues Over (Under) Expenditures	6,957	(115,857)	2,185	(106,715)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	—	10,128	—	10,128
Operating transfers out	(10,128)	—	—	(10,128)
Other transactions: note proceeds	—	56,000	—	56,000
Other transactions: note payment	<u>—</u>	<u>(10,908)</u>	<u>—</u>	<u>(10,908)</u>
Total Other Finance Uses	(10,128)	55,220	—	45,092
Net Changes in Fund Balance	(3,171)	(60,637)	2,185	(61,623)
Fund Balances April 1	<u>86,756</u>	<u>91,547</u>	<u>11,892</u>	<u>190,195</u>
Fund Balances March 31	<u>\$ 83,585</u>	<u>\$ 30,910</u>	<u>\$ 14,077</u>	<u>\$ 128,572</u>

Cedarville Township
Reconciliation of the Statement of Revenue, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
for the Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds \$(61,623)

Amounts reported for Governmental Activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(10,214)
Capital outlay	148,077

Payment of note payable is expenditure in the Governmental funds	8,734
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Proceeds from note payable treated as revenue in the Governmental funds	(56,000)
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Changes in Net Assets of Governmental Activities	<u>\$ 28,974</u>
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Cedarville Township
Statement of Fiduciary Net Assets
Fiduciary Funds
for the Year Ended March 31, 2008

	<u>Tax Collection</u>	<u>Marina Development</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,775	\$ —	\$ 2,775
Total Assets	<u>\$ 2,775</u>	<u>\$ —</u>	<u>\$ 2,775</u>
LIABILITIES			
Due to other funds	\$ 2,775	\$ —	\$ 2,775
Total Liabilities	<u>2,775</u>	<u>—</u>	<u>2,775</u>
NET ASSETS			
Reserve for construction	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities and Net Assets	<u>\$ 2,775</u>	<u>\$ —</u>	<u>\$ 2,775</u>

Statement of Changes in Fiduciary Net Assets

REVENUES	
Interest	\$ 4
Total Revenue	<u>4</u>
EXPENDITURES	
Marina construction	<u>3,856</u>
Total Expenditures	<u>3,856</u>
Excess Revenue Over (Under) Expenditures	(3,852)
Net Assets	
Beginning Balance April 1	<u>3,852</u>
Ending Balance March 31	<u>\$ —</u>

CEDARVILLE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cedarville Township is incorporated under the laws of the State of Michigan. The Township operates under an elected board. The Township provides the services of Fire Protection and General Administrative Services. The accounting policies of Cedarville Township conform to generally accepted accounting principles as applicable to Governmental units.

A. Government-Wide and Fund Financial Statements

The Government-Wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary Government. For the most part, the effect of Interfund activity has been removed from these statements. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely to a significant extent on fees and charges for support. All the Town's Government-wide activities are considered Governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the intergovernmental payments and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for Governmental funds and fiduciary funds even though the latter are excluded from the Government-wide financial statements. Major individual Governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major Governmental funds in the Government-wide financial statements:

The *General Fund* which accounts for the Township's primary operating activities.

The *Fire Fund* which accounts for the Township's fire services.

The *Metro funds* which account for State aid and its uses.

The Township reports no non-major Governmental funds in the Government-wide financial statements:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operation expenditures of the local unit. Revenues are derived primarily from Property Taxes, State Grants and Other Intergovernmental Revenues.

Special Revenue Funds

These funds are used to account for specific Governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

FIDUCIARY FUND

Trust and Agency Funds

The fiduciary fund is used to account for assets held as an agent for others.

The Township reports the following Fiduciary funds:

Tax collection
Marina development

CEDARVILLE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation
Government-Wide Statements

The Town's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of Interfund activity has been eliminated from the Government-wide financial statements.

Accounts reported as program revenue include (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and State aid.

Fund Based Statements

Governmental fund financial statements are reported using the current financial measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Property taxes, State aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

C. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Township. State statutes authorize the governing body of a Township to invest surplus funds in direct obligations of the United States Treasury, in deposit and savings accounts of any federally insured bank, savings and loan or credit union, commercial paper, United States repurchase agreements, bankers' acceptance of U.S. banks, in certain mutual funds and in investment pools.

Investments are reported at fair value which is determined using select basis. Short-term investments are reported at cost which approximates fair value; securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amounts which reasonably estimate fair value.

D. Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

CEDARVILLE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Balance Designations

The Township classifies its Fund Balances as follows:

- 1.) Designations of fund balance represent tentative plans by the Township for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year.
- 2.) Undesignated fund balance indicates that portion of fund balance which is available for use in future periods.

F. Budget Basis of Accounting

Budgets are annually adopted on the modified accrual basis of accounting. The original budgets were not amended and are presented in the accompanying financial statements.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

- 1.) Prior to March 1, the Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- 2.) Public hearings are conducted to obtain tax payers' comments.
- 3.) Prior to April 1, the budget is legally enacted.
- 4.) The Township Board may authorize transfer budget amounts between departments within any fund and any revisions that alter the total expenditures of any fund.
- 5.) Formal budgetary integration is employed as management control device during the year for the General Fund and Special Revenue Funds.

G. Capital Assets

Capital assets which include land, buildings, equipment and vehicles are reported in the applicable Governmental column in the Government-wide financial statements. Capital assets are defined by the Government as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized.

Buildings and equipment are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 60 years
Vehicles and other equipment	05 - 10 years

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

CEDARVILLE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 2 CASH AND INVESTMENTS

At year end the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 122,846	\$ 2,775	\$ 125,621
Investments	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ 122,846</u>	<u>\$ 2,775</u>	<u>\$ 125,621</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits	\$ 125,621
Investments in securities	—
Petty cash and cash on hand	<u>—</u>
	<u>\$ 125,621</u>

As required by Governmental Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures* the following represents a summary of deposits as of March 31, 2008.

Fully insured deposits	\$ 100,000
Collateralized with securities held by the pledging financial institution in the school name	—
Collateralized with securities held by the pledging financial institutions trust department	—
Uncollateralized	<u>78,365</u>
	<u>\$ 178,365</u>

State statutes and the Township's investment policy authorize the Unit to make deposits in the accounts of federally insured banks, credit unions and savings and loan associations which have an office in Michigan; the District is allowed to invest in U.S. Treasury or Agency obligation, U.S. Government repurchases agreements, bankers' acceptances, commercial paper rated prime at the time of purchases which mature not more than 270 days after the date of purchases, mutual funds and investment pools that are composed of authorized investment vehicles. The Township's deposits are in accordance with statutory authority.

The Township had no investments at March 31, 2008.

NOTE 3 PROPERTY TAXES

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on taxable valuation of property as of the preceding December 31 of \$13,261,369. Taxable valuation is established by the Township and is subject to possible equalization by the State. In addition to collecting their own taxes, the Township also acts as collection agent for all overlapping governments in the Township, which includes school districts and the County.

CEDARVILLE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 4 CAPITAL ASSETS

The changes in capital assets are as follows:

	Balance April 1, 2007	Additions	Disposals	Balance March 31, 2008
Land	\$ 5,000	\$ —	\$ —	\$ 5,000
Buildings	50,000	—	—	50,000
Equipment	<u>42,095</u>	<u>148,077</u>	<u>4,000</u>	<u>186,172</u>
	97,095	148,077	4,000	241,172
Less: Accumulated Depreciation	<u>82,760</u>	<u>10,214</u>	<u>4,000</u>	<u>88,974</u>
Net Assets	<u>\$ 14,335</u>	<u>\$ 137,863</u>	<u>\$ —</u>	<u>\$ 152,198</u>

Depreciation expenses were charged to funds as follows:

General	\$ —
Fire	<u>10,214</u>
	<u>\$ 10,214</u>

NOTE 5 NOTE PAYABLE

The following are the changes in the notes payable during the year:

	Balance April 1, 2007	Proceeds	Payments	Balance March 31, 2008
USDA Rural Development	\$ —	<u>\$ 56,000</u>	<u>\$ 8,734</u>	<u>\$ 47,266</u>

The original loan for \$56,000 carries an interest rate of 4.125% and is secured by a fire truck.

The principal payments are as follows:

April 1, 2009	\$ 3,000
April 1, 2010	\$ 3,000
April 1, 2011	\$ 3,000
April 1, 2012	\$ 3,000
2013 - 2017	\$ 18,000
2018 - 2022	\$ 17,266

NOTE 6 RISK MANAGEMENT

The Townships Risk Management activities are recorded in the General Fund. Significant losses are covered by commercial insurance. For these insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the three prior years.

NOTE 7 TOTAL - MEMORANDUM ONLY

The combined financial statements of fund types present total columns for the year ended March 31, 2008, which aggregate the columnar statements by fund type. These columns are presented only for comparative purposes and should not be construed as presenting consolidated financial information.

REQUIRED SUPPLEMENTAL INFORMATION

CEDARVILLE TOWNSHIP
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended March 31, 2008

	Original Budget	Final Budget	Actual
REVENUES:			
Taxes	\$ 49,000	\$ 49,000	\$ 25,236
State grants	18,000	18,000	18,991
Charges for services	6,800	6,800	5,905
Interest and rents	1,600	1,600	2,792
Other revenue	<u>6,500</u>	<u>6,500</u>	<u>17,654</u>
Total Revenues	81,900	81,900	70,578
EXPENDITURES:			
General government	75,828	75,828	62,192
Public works	1,000	1,000	273
Cemetery operations	<u>1,448</u>	<u>1,448</u>	<u>1,156</u>
Total Expenditures	<u>78,276</u>	<u>78,276</u>	<u>63,621</u>
Excess of Revenues Over (Under) Expenditures	3,624	3,624	6,957
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(10,128)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(10,128)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,624	3,624	(3,171)
FUND BALANCES, April 1	<u>86,756</u>	<u>86,756</u>	<u>86,756</u>
FUND BALANCES, March 31	<u>\$ 90,380</u>	<u>\$ 90,380</u>	<u>\$ 83,585</u>

CEDARVILLE TOWNSHIP
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Fire Fund
Year Ended March 31, 2008

	Original Budget	Final Budget	Actual
REVENUES:			
Taxes	\$ 7,900	\$ 7,900	\$ 9,375
Grants	27,000	27,000	27,000
Other revenue	500	500	5,304
Total Revenues	<u>35,400</u>	<u>35,400</u>	<u>41,679</u>
EXPENDITURES:			
Public safety	9,700	9,700	9,459
Capital outlay	<u>148,000</u>	<u>148,000</u>	<u>148,077</u>
Total Expenditures	<u>157,700</u>	<u>157,700</u>	<u>157,536</u>
Excess of Revenues Over (Under) Expenditures	(122,300)	(122,300)	(115,857)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	—	—	10,128
Other transactions: note proceeds	56,000	56,000	56,000
Other transactions: note payments	(7,000)	(7,000)	(10,908)
Total other financing sources (uses)	<u>49,000</u>	<u>49,000</u>	<u>55,220</u>
Excess of Revenues & Other Financing Sources Over(Under) Expenditures & Other Financing Uses	(73,300)	(73,300)	(60,637)
FUND BALANCES, April 1	<u>91,547</u>	<u>91,547</u>	<u>91,547</u>
FUND BALANCES, March 31	<u>\$ 18,247</u>	<u>\$ 18,247</u>	<u>\$ 30,910</u>

CEDARVILLE TOWNSHIP
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Metro Fund
Year Ended March 31, 2008

	Original Budget	Final Budget	Actual
REVENUES:			
State grants	\$ 5,000	\$ 5,000	\$ 2,185
Total Revenues	5,000	5,000	2,185
EXPENDITURES:			
Public works	—	—	—
Total Expenditures	—	—	—
Excess of Revenues Over (Under) Expenditures	5,000	5,000	2,185
OTHER FINANCING SOURCES (USES):			
Operating transfers in	—	—	—
Operating transfers out	—	—	—
Total other financing sources (uses)	—	—	—
Excess of Revenues & Other Financing Sources Over(Under) Expenditures & Other Financing Uses	5,000	5,000	2,185
FUND BALANCES, April 1	11,892	11,892	11,892
FUND BALANCES, March 31	\$ 16,892	\$ 16,892	\$ 14,077

OTHER SUPPLEMENTAL INFORMATION

CEDARVILLE TOWNSHIP
Detail Schedule of General Fund Revenues
For the Year Ended
March 31, 2008

Taxes	
Property	\$ <u>25,236</u>
	25,236
State Grants	
Revenue sharing	<u>18,991</u>
	18,991
Charges for Services	
Tax administrative fee	4,405
Cemetery	800
Zoning	<u>700</u>
	5,905
Interest and Rents	
Interest	2,656
Hall rental	<u>136</u>
	2,792
Fees and Other	
Fox Park	7,425
Miscellaneous	4,802
Sale of assets	<u>5,427</u>
	17,654
	<u>\$ 70,578</u>

CEDARVILLE TOWNSHIP
Detail Schedules of General Fund Expenditures
for the Year Ended
March 31, 2008

General Government

Clerk	\$ 8,938	
Treasurer	10,039	
Legislative	1,407	
Administration	6,516	
Board of review	1,120	
Town hall	17,938	
Zoning	3,439	
Park	4,282	
Assessor fees	7,465	
Election expense	1,032	
Other	<u>16</u>	62,192

Public Works

Roads		273
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Cemetery Operations

Salaries	440	
Other	<u>716</u>	<u>1,156</u>
		<u>\$ 63,621</u>

Carl R. Sorensen

Certified Public Accountant

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Phone 715-735-9021
Fax 715-735-7116

To the Town Board
Cedarville Township
Menominee County, Michigan

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

I have audited the financial statements of the Governmental Activities, each Major Fund and the Aggregate Remaining Fund information of Cedarville Township for the year ended March 31, 2008, which collectively comprise the Cedarville Township basic financial statements and have issued my report thereon dated July 3, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies that adversely affects the Township's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

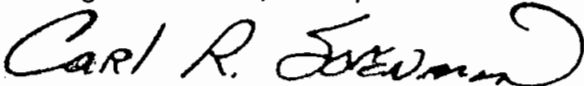
A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses as defined above.

Compliance and other Matters

As part of obtaining reasonable assurance about whether Cedarville Township financial statements are free of material misstatement I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management of Cedarville Township and the State of Michigan. However, this report is a matter of public record and its distribution is not limited.



July 3, 2008

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